

**iKids**

**Kidscreen explores the children's  
digital entertainment business**

February/March 2012



# Cleaning Up

Disney Mobile gains new ground with  
hit original app and IP *Where's My Water?*

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# A new page in the digital age

**F**or most media and entertainment companies, going digital is an unavoidable truth in an increasingly mobile and web-centric world. The kids business is certainly no different, which is why, as a barometer of the industry, we have evolved along with it and created a stand-alone book—our own digital brand extension of Kidscreen, if you will. Welcome to iKids, a mag dedicated to all things interactive.

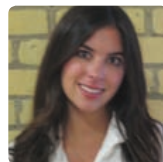
Echoing the agenda of our corresponding iKids event, the magazine's sections focus on mobile, web and console gaming, all of which are shaping each other's evolution. Social networking is affecting the way kids are consuming TV content (*Seeking Remote Control*,

page 9) and a growing app market is having a tremendous impact on console gaming, as explored in *Keeping up with the kids* (page 12). Nickelodeon has also done its own job of keeping up with tablet-toting youngsters through a brand-new study on the mobile habits of six- to 11-year-olds (*Cracking the Code*, page 15).

As I embark on maternity leave in 2012, I know the business of children's digital media is about to get a lot more personal. This year, I'm most interested to see the growing assortment of products aimed at the youngest of users, as well as additional steps—such as the recent ESRB app ratings and the Children's App Manifesto featured in this issue—taken toward ensuring the development and

marketing of age-appropriate mobile content. The need for more context is definitely there, as the number of educational apps aimed at toddlers has grown by 23% in the past two years, and the app market as a whole is expected to reach US\$38 billion in the next three. That's why something tells me I should cherish my iPad now as much as I do my sleep.

Cheers,  
**Wendy Goldman Getzler**  
Editor, iKids



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### Mobile

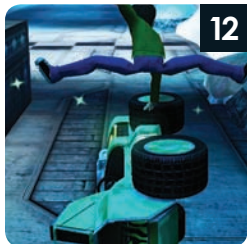
Disney Mobile steps up its game with a new original character app and related content deals; PBS Kids puts its shows into the palms of some very little hands



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### Web

An inside look at Moshi TV as Mind Candy's new social networking initiative comes to fruition; Social Samba brings kids closer to online brands



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### Console

It's alive! Why things are still looking up for the children's console gaming market; *Once Upon a Monster* opens up a new chapter for Sesame Workshop



## <on the cover>

Our inaugural issue sports an original illustration of Swampy, star of Disney Mobile's new *Where's My Water?* app



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## FEATURE: CRACKING THE CODE

In a brand-new study, Nickelodeon Consumer Insights takes a close look at how kids ages six to 11 are using their mobile devices

# Connecting the dots

Fall 2011 milestones set to make a mark on digital media in 2012



SEPTEMBER 13

Nintendo launches a slew of features and games in an effort to fight a 3DS flop

SEPTEMBER 28

Disney debuts a line of iPad-compatible toys

SEPTEMBER 28

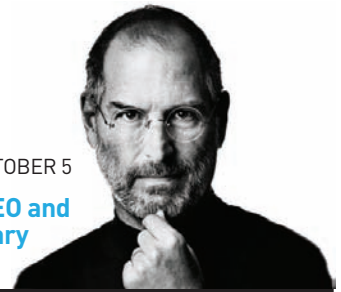
Amazon lights a Fire, introduces its new US\$200 tablet

OCTOBER 4

Paramount skips the middleman (ahem, Netflix) and streams its content directly to consumers

OCTOBER 5

Apple CEO and tech visionary Steve Jobs dies



OCTOBER 14

PBS Kids launches 40 educational digital games



NOVEMBER 7

Barnes & Noble goes to the mat with Amazon's Kindle Fire, bowing the Nook Color tablet

NOVEMBER 18

From web to TV—YouTube series *The Annoying Orange* gets a Cartoon Network deal



DECEMBER 1

Mobile apps take a virtual page from the videogame book and get their own standardized ESRB ratings

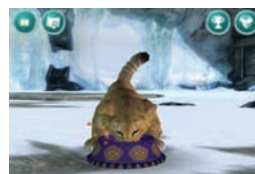


DECEMBER 10

The Apple App Store punches 100 million downloads in less than a year

DECEMBER 13

Microsoft pounces into iOS gaming with a mobile version of its hit Xbox 360 Kinect kids title *Kinectimals*





# Looking to mobilize

**A**s educational apps continue to gain ground in the children's market, Launchpad Toys app developer Andy Russell and *Wired* writer and resident GeekDad Daniel Donahoo decided it was time to take a stand on quality. Their idea was to inspire more sustainable business models that would in turn produce high-quality mobile products that are truly educational, as opposed to ones just being marketed that way.

The pair's Children's App Manifesto, unveiled in November, has been embraced by developers, marketers, educators, investors and parents, as well as researchers like Joan Ganz Cooney Center fellow Carly Shuler.

"Mobile apps have the potential to be a key ally in supporting children's learning, but given the relatively small size of the market for children's educational content, an expected price-point of US\$0.99 is making it difficult for developers in this area to sustain themselves," says Shuler. "Unless expectations shift, developers will be forced to either cut costs through quality reduction or supplement their revenue through advertising," she adds. "Business models need to continue being discussed, and we need to enable development of apps that are engaging, educational and sustainable."

Without getting too political, the manifesto [right] is designed to start a conversation. If you're interested in joining the discourse, head on over to <http://childrensappmanifesto.net/> and start chatting. —Wendy Goldman Getzler

## Children's App Manifesto

### We: Parents, Educators, Developers, Investors, Researchers, and Marketers of Children's Apps...

→ Embrace and celebrate mobile devices as powerful new platforms not just for games, but for digital toys and tools that encourage kids to play, learn, laugh, create, grow, and explore —both indoors AND outdoors, in school AND at home, independently AND collaboratively with friends, educators and family. Digital play spaces should inspire and enable children to do what they do best: be children... with touchscreens at their fingertips and mud between their toes.

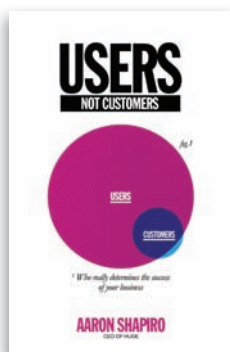
### → Commit to supporting diversity and excellence in Children's Media:

- Content should be valued for quality of engagement, enjoyment and learning.
- Exceptional content should be supported through revenue models that expand the play experience, provide great value to parents and educators, and fund future development.
- Apps should be priced accessibly for parents to evaluate and determine which products are most worthwhile for their children.

### → Respect the sanctity of childhood and play:

- Play should not be over-commercialized by consumable goods nor advertisement.
- Apps should not disguise costs nor manipulate children's emotions to entice spending.
- Developers should listen to children's and parents' needs and continue to support, update, fix, and improve apps over the lifetime of a product.

—Andy Russell and Daniel Donahoo



## <bookmark\_it>

### **Users, Not Customers** by Aaron Shapiro

In this survey of the top 1,000 companies in the world, author and digital agency CEO Aaron Shapiro details the shifting business paradigm that has grown out of the digital marketplace. Shapiro asserts that to be successful in the new environment, businesses must concentrate chiefly on creating a positive "user experience." Businesses have to first cater to users of their services and then subsequently their customers who make up a subset of their users. The author points to successful ventures such as Facebook, Twitter and Google, all of which built user relationships even before they had anything to sell. —Gary Rusak



By Wendy Goldman Getzler

**F**or 20 days this past October, an amicable alligator gave some bitter birds a run for their money.

*Where's My Water?* starring Swampy the alligator—Disney's first original mobile character—took the top spot on the Apple iTunes store, briefly eclipsing the reign of mobile juggernaut *Angry Birds*. Since its September 22 launch, *Where's My Water?* has been crawling up and down iTunes' bestseller charts and has spawned a new web series that will run on its own dedicated YouTube channel. But perhaps the most tangible outcome of the *Where's My Water?* launch is that it signifies that Disney Interactive Media Group's burgeoning Mobile division is making strides.

Current stats on kids and mobile speak volumes. Since 2009, the incidence of gaming on mobile devices has risen from 8% to 38%, mainly driven by the availability of new devices such as tablets and smartphones, as well as the growing amount of content available for these devices in the form of free and paid apps. In fact, roughly 70% of educational iPad apps on the market target young children, according to The Joan Ganz Cooney Center's recent *iLearn* study.

So it comes as no surprise that Disney is shifting its Mobile unit into high gear. The House of Mouse has restructured priorities within its Interactive division, which incurred operating losses US\$308 million in 2011 and is expected to continue losing money until 2013. The first step involved bringing Bart Decrem, founder of iPhone gaming company Tapulous, on-board last year to lead the charge as GM of Disney Mobile.

"At Disney, we were a little all over the place with promotional apps aimed at kids and parents and synergy apps that were making money off other franchises," says Decrem. "The bigger picture now is being more focused around innovation and staying true to Disney's tradition of embracing technologies." That embrace over the past five years has entailed purchasing social gaming company Playdom



# Disney Mobile raises the bar

and virtual world Club Penguin, each for roughly US\$700 million. And in July 2010, Disney bought Decrem's Tapulous in an effort to gain more mobile expertise.

"Today, we are staring at a generation of kids for whom mobile is their first screen," he says. "A year ago, kids would come home from school and watch Disney Channel on TV. Now, the behavior is expanding and shifting to where they are watching on iPhones and iPads after school," notes Decrem.

In playing catch-up with both on-the-go kids and agile mobile development companies, Decrem's team took the hugely successful virtual world Club Penguin, which boasts 150 million registered users, into the mobile space with *Puffle Launch* this past September. Available on iOS and Android devices, the app is based on the original *Puffle Launch* game played by more than 150,000 kids every day within the virtual

world. In terms of syncing up with Club Penguin's home base online, the app allows kids to earn virtual coins for use on the website through playing mobile games.

A month later, Disney launched an entirely new iPad-compatible product in conjunction with Toronto, Canada-based toy company Spin Master. Appmates mobile toys allow kids to turn an iPad screen into a virtual play mat. The initial line featured miniature Disney Pixar Cars 2 vehicles (sold in US\$20 packs), which contain sensors that are recognizable in a free-to-play companion app.

"What's great about Appmates is that you see kids play on the iPad and then take their cars and play elsewhere," says Decrem. "It's exciting to blend physical and virtual worlds."

But piggybacking on the successes of Club Penguin and popular brands like Cars was still reminiscent of old habits. So Disney Mobile





Character-based app *Where's My Water?* [left] is the first of more original IPs expected from Disney Mobile, while new toy line Appmates [bottom] is burning up the sales charts

partnerships with other major film studios like Warner Bros., Sony and Universal. However, this partnership is somewhat unique because it goes well beyond motion pictures to include family-friendly content specifically produced by Disney for that platform."

Amobi says Wall Street is closely watching the way in which such digital collaborations are more focused on attracting new audiences and generating brand power rather than big bucks. Disney Mobile and its overarching Interactive division make up a mere fraction of the media conglomerate's business—last year, the Interactive Media Group contributed US\$982 million in revenue to the company's US\$40.1-billion overall haul.

Still, Decrem says investment in Disney Mobile will increase significantly. And while smartphones are currently regarded as a top-tier platform by his group, he's insistent on focusing on creating new experiences rather than creating content for specific devices. "People are responding to the Swampy character and hoping to promote it in other markets like Europe and through other platforms," he says. "We're in discussions already about that. But we need to make sure we have a successful game and a compelling character first." □

## WE CAN GET GAMES TO MARKET IN SIX MONTHS... A BILLION IS THE RIGHT TARGET IN TERMS OF AUDIENCE REACH

—Bart Decrem, Disney Mobile GM

conceived and developed an entirely new original character in the form of Swampy, the star of *Where's My Water?*

"*Angry Birds*, *Cut the Rope* and *Fruit Ninja* are top sellers that appeal to people of all ages. That's a top criterion for doing well," says Decrem, adding that Swampy was designed to be relatable to both kids and adults. The puzzle game is expected to be followed by at least one more Disney original mobile IP in 2012.

"We can get games to market in six months and continue to iterate. A billion is the right target in terms of audience reach, but it will probably take a year to prove [*Where's My Water?*] as a classic property," says Decrem. "Look at YouTube and Facebook: They're all about getting huge audiences and then mobilizing and monetizing over time."

Disney is already looking at YouTube, and vice versa.

Swampy is headed for his own original YouTube series following a November 2011 deal between Disney and the world's largest online video community. Under the partnership, Disney will produce a series of web shorts based on the *Where's My Water?* app that will live on a co-branded YouTube channel and at Disney.com.

Tuna Amobi, an entertainment analyst at Standard & Poor's Capital IQ, believes that the Disney-YouTube deal is more about audience aggregation than monetization. "For Disney, it's all about franchise and core brand," says Amobi. "Disney has been aggressive in terms of reaching out to new partners. YouTube has also recently entered into



## wellPlayed\_Viable videos

By Gary Rusak

Since its launch last March, the free *PBS Kids Video for iPad* app has made a wide range of the pubcaster's content available to tablet-toting tots.

"Our goal was to take our incredible library and make it available to our viewers who are on the go," says Sara DeWitt, VP of PBS Kids interactive. "Our online video player gets so much traffic that this was the next logical step." The app, which is free to download and is now also available for the iPod Touch and iPhone, offers more than 1,000 different videos, including full-length episodes and clips of PBS Kids and PBS Kids Go! series such as *Super Why!* and *Dinosaur Train*.

It has been specifically designed with kids in mind and features Dash, the PBS Kids mascot, as its virtual host. Videos are refreshed once a week, with content partners choosing which ones will be featured, and then organized with the help of a weekly theme.

"We can also do special themes," says DeWitt. "For example, when *Dinosaur Train* wanted to promote its on-air special, its main

character Buddy joined Dash as the host for the week." The app also features a parent's tab that highlights the educational value of each episode and provides the ability to download related material and share info on Facebook and Twitter.

Marketing has mostly been through word-of-mouth, a strategy that seems to be paying off. The app has found a home in the top 10 on iTunes Educational App listings and has been

downloaded more than 450,000 times. "Part of our mission is to get this educational content out there to as many kids as possible," says DeWitt. "This was a natural step because the iPad is something that is very much out there and in use." Because of digital rights issues, the content is only available within the US and is currently not formatted for other tablets. However, PBS is discussing what other platforms might be viable. [Q](#)



With 450,000 downloads and counting, the *PBS Kids Video for iPad* is a unique app among US kidcasters

### bits+bytes

# 28%

of UK teens say they value their mobile phones most, compared to 18% who give priority to the boob tube

(Ofcom)



Kudos to US public libraries—eBook checkouts at the institutions have increased by more than

# 200%

since 2010

(OverDrive)

Roughly

# 40%

of two- to four-year-olds and more than

# half

of kids ages five to eight are using smartphones, video iPods, iPads or similar devices

(Common Sense Media)

Baby talk:

# 10%

of zero-to one-year-olds have used a mobile device

(Common Sense Media)



Photo: atomiquejap



/web



By Amanda Burgess

# Seeking Remote Control

**C**onvergence in the multi-screen universe and social TV are both hot topics in the entertainment industry, but how to successfully translate these burgeoning trends for the hyper-social yet parent-moderated kids demo is a puzzle every broadcaster, content producer and licensor is looking to solve.

Enter Mind Candy, the UK-based owner of virtual world Moshi Monsters. The company has already cracked the social code, racking up more than 50 million users worldwide. It has mastered offline content with a successful kids magazine spinoff that became the bestselling children's title in the UK within its first six months on-shelf. And it's dominated online content viewing with a slate of animated videos on YouTube that have generated more than 25 million views. Now, with the soft launch of its new online channel Moshi TV underway at press time, Mind Candy is looking to shake up the traditional TV model.

"This industry has been dominated by the traditional networks for so long, but now everything is headed into social. Kids want entertainment on a variety of platforms, with no one way to consume it," says Brad Schultz, head of L.A.-based Moshi TV. "And if it doesn't have a social element to it, it's broken. Kids expect social to be a part of content."

To that end, Mind Candy has maintained an active Moshi Monsters channel on YouTube since 2007. "[But] YouTube is a bit of a Wild West," says Schultz. "So we're positioning Moshi TV as YouTube for the under-13s—a safe place for us to launch videos, carry the brand into video form, and give kids the ability to watch the cartoons they want to see in a controlled and niche environment."

At the outset, Moshi TV will look to build a base of Moshi fans with new original animated videos featuring popular moshling characters like Dustbin Beaver and Lady GooGoo, eventually expanding to syndicated and original content from third-party producers.

"We see Moshi TV as a place where broadcasters and producers can launch trailers and development pilots," says Schultz. "And because we've built it with social features, we can ask kids 'Do you like that show?' and 'Do you want to see more of it?'" As Moshi TV

**Moshi Monsters owner Mind Candy looks to usher in a new channel in social networking with the launch of Moshi TV**



Mind Candy is positioning Moshi TV as a YouTube for under-13s



New CGI series *Escape Hockey* puts kids in the action through its new Watch & Play interactive format

## ESCAPE HOCKEY: A TV, GAMING AND ONLINE HAT TRICK

The rise in multi-screen entertainment is also prompting traditional TV players to embrace online engagement, and one new and notable example is broadcast and online gaming hybrid *Escape Hockey* from Imira Entertainment, Enne Studios and Spanish broadcaster RTVE. The 3D-animated series, targeted at kids ages six to 12, follows the adventures of Dan and his pals, who are whisked away to Plutonium and must battle dangerous inmates in the Escape Hockey Tournament for a chance to return home.

The series, introduced at Cartoon Forum 2011, is being produced in a cross-media Watch & Play format that allows kids to choose from three options: TV, Watch & Play, and Play. The format, available on all internet-connected devices, embeds the video games in the series' narrative so viewers can join the battle at key moments.

"We see this as an innovative concept that will revolutionize the viewing experience for kids because it's not just a TV show, it's a TV show with mini video games and episodes that work together as an entire IP through digital TV," says Sergi Reigt, Imira's CEO.

With the first 14 episodes slated to be ready for *Escape Hockey*'s official market debut at MIPCOM this fall, initial interest has been strong enough to convince Imira to infuse its development slate with Watch & Play technology. Next up is *Drip & Drop*, a 3D-animated series for kids ages five to 10 that chronicles the misadventures of two completely opposite best friends. "This is a comedy with strong characters, very Laurel and Hardy-esque," says Reigt. "Broadcasters are looking for content that can be watched and played both on TV and online. It's the way the industry is moving."

THIS INDUSTRY  
HAS BEEN  
DOMINATED BY  
TRADITIONAL  
NETWORKS FOR  
SO LONG

—Brad Schultz, Head of Moshi TV

builds its core audience and content slate, the channel will expand into curated sub-channels such as games, DIY/crafts and fashion.

With the revenue model still largely undefined, Schultz says there's a need for Moshi TV to be flexible and not bound to one set model, but it will likely be a mix of both free and pay-to-view premium content. "We know there will be benefits to being a Moshi member with Moshi TV, but nothing is set," he says.

For now, Schultz is focused on testing the online player and driving eyeballs to Moshi TV from the Moshi Monsters website and blog, where there's already a targeted and highly engaged audience in place. "We'll make improvements based on what kids ask for and how they use it," he says. "Kids often find other ways to use things than what you originally intended, so we don't want to build features they won't want to use."

Asked who he sees as initial competitors to Moshi TV, Schultz points to rival UK-based virtual world BinWeevils, which boasts an online movie multiplex as well as traditional broadcasting partnerships (though he also views the latter as potential content partners for Moshi). As far as third-party content producers are concerned, another platform is a welcome and much-needed boon. "It's a refreshing change for producers," says Schultz. "They get it. There are great ideas out there that haven't fit the identity of certain networks, so Moshi TV represents an opportunity for new brands to be born."

Ultimately, Schultz is hoping that Moshi TV becomes a hub through which savvy kids can find the next big thing. "Kids often talk about what they find online and the videos they see at school," he says. "As a closed platform, we'll create a sense of ownership, with relatable content and the benefit of discovery—if you don't find it here, you're not in the know." □

## wellPlayed\_Forging friendships

By Jeremy Dickson

Social networking platform SocialSamba has taken how content creators and entertainment brands connect with their fans to a whole new level. The startup, which launched last summer, enables Facebook users to become friends with fictional characters from TV, movies and consumer brands, and experience what it's like to interact in a social network with those very characters.

"It's a type of choose-your-own-adventure storytelling for the digital generation, where users can participate in private, scripted stories in real time through posts, images, videos and links as if you were in a social network," says Susanna Pollack, SVP of global sales and marketing for the company.

Co-founded by Silicon Valley-based social technology expert Aaron Williams and CTO Matthew Shilts, SocialSamba licenses its software to entertainment and media content creators. The most recent family-friendly campaign involved a tie-in with the Warner Bros. film *Dolphin Tale*, which

harnessed the platform to offer a scripted experience accessible through Facebook that allowed users to take part in an original storyline based on a real dolphin rescue.

"These are personalized stories, meaning the characters immediately call you by name, tell you they're happy you've joined the network, and let you know they need your help," says Pollack.

SocialSamba also has the ability to layer in mini-games, leadership boards and other social gaming mechanics. Plus its platform is COPPA-compliant, so the opportunities are ripe for children's marketers. "The success of *Dolphin Tale* showed that scripted storytelling is extremely appealing to kids and teenagers who are on social networks," says Pollack. The company is hoping that its platform will be in the hands of more teen-focused marketers in the future and is already making its experiences accessible on any kids website through an embedded game or as an app. □



Social Samba's innovative digital experience allowed *Dolphin Tale* fans to socialize with the film's characters in real time

### bits+bytes

# 95%

of UK 12- to 15-year-olds have internet access at home through desktop or laptop PCs...

(Ofcom)



# ...and

half of these kids visit social networks weekly, compared with 33% in 2010

(Ofcom)

# 50%

of US Netflix users stream content to TVs via a game console, while roughly

# 90%

of Hulu users watch directly on their computers

(Nielsen)

# 56%

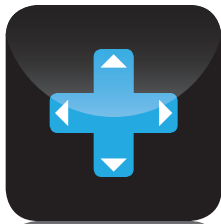
of students think Facebook is better than Google+, compared to

# 29%

who think Google+ outmatches the world's largest social network

(Youth Pulse Insights)





By Jeremy Dickson

**W**hen Nintendo first introduced the world to the Wii and its wireless motion-sensitive remote controllers in 2006, it undoubtedly made game play a more accessible reality for people of all ages. Fast forward six years and the Wii and its competitors like Xbox 360 Kinect and Sony Playstation Move are still here, but so are more than 140,000 apps for the Apple iPad and an estimated 3.5 billion internet-enabled mobile phones roaming the globe. In fact, mobile app revenue is expected to generate US\$38 billion by 2015, according to the new *iLearn* study from The Joan Ganz Cooney Center at Sesame Workshop. The surge of mobile apps for tablets, iOS and Android-based devices, and the rise of gaming on social network sites like Facebook, have created shifts in the ways kids interact with games—but they are also playing console games more than ever before. According to market research firm The NPD Group, 91% of US kids ages two to 17—roughly 64 million of them—are gaming, an increase of 9% compared to 2009. Despite the obvious challenges created by a crowded market, there are clear opportunities ahead in the US\$25-billion video gaming industry.

#### GAINING CONTROL

This year could shape up to be a pivotal one for major console player Nintendo, as consumers await the launch of its Wii U high-definition console controller. Designed to co-exist with the Wii, its features include a touchscreen, circle control pad, inward-facing camera, wireless functionality, backwards compatibility with the original Wii and the ability for users to have a completely different game perspective from other players using Wii remotes. The launch comes as console accessory sales declined last year among gamepads and specialty controllers. It also follows Nintendo's March 2011 introduction of the 3DS handheld system, which, after disappointing initial sales that resulted in price cuts



# Keeping up with the kids

of up to 40%, is now actually in a position to exceed its predecessor, the DS handheld, in first-year sales.

According to Matt Ryan, communications manager for Nintendo Canada, the company is staying relevant by keeping kids socially engaged with functionality such as the 3DS StreetPass, which has elements of social networking woven into its fabric.

"The 3DS is designed for gaming on the go so people can have shared game experiences," explains Ryan. "If a kid with a 3DS passes another who also has a 3DS in the schoolyard or on the bus, the two systems will exchange information." (Such is the case for new title *Nintendogs + Cats*.)

**As the popularity of mobile and social gaming increases, especially among kids, console gaming publishers are being forced to sharpen their strategies. And it's paying off.**



With big publishers like THQ reducing their lineup of licensed kids games, licensors are opening the doors for smaller shops like D3, which has sold eight million copies of its Ben 10 titles

"We want to keep our products unique and innovative. Mobile gaming is changing the industry in that there are more people playing games, but this is actually really good for the industry," Ryan says. "It's pushing developers and marketers to ensure that content delivered through software is the best that it can be."

Along these lines of innovation, Activision Publishing and Sega Toys have recently launched *Wappy Dog* for the DS, a game that uses virtual-toy integration. The first videogame-controller toy pet features an actual electronic toy dog that syncs with the game via features like a microphone and touch sensors.

## STAYING LEAN

In light of recent market changes that saw developer and publisher THQ slash 200 jobs this past summer, the company says it has renewed its focus by optimizing business

for the changing consumer and changing platforms. "It's about making platform experiences that are really relevant and making sure we go where our consumers are," says Andy Hodgson, VP of global brand management for THQ's Kids and Family division. "We have to diversify to stay relevant. In some cases, console is the perfect platform for gaming, and in other cases mobile works best."

Hodgson also says THQ is seeing a significant shift in how savvy and sophisticated kids are as gamers.

"We know kids are now on iPads, smartphones and social networks, so we need to offer deeper, more compelling experiences and work harder to get the attention of the consumer." Many of THQ's latest offerings reflect this approach. The company recently developed the uDraw Game Tablet, which is a handheld device with a stylus, a gamepad and motion-sensing capabilities. "It actually offers the fidelity of drawing within videogames so you can create art on your videogame console and also use it to play unique drawing-based games like Pictionary," he says.

THQ has also released an Xbox 360 Kinect title based on DreamWorks' *Puss in Boots*, and partnered with Halfbrick Studios on the *Puss in Boots Fruit Ninja* app for Apple iOS devices. "There is room for different platforms to co-exist as long as we optimize the experience, which is something we'll continue to do in 2012," says Hodgson.

## OPPORTUNITY COST

But while some companies were pulling out of the kids console gaming space last year—THQ, for one, transitioned its portfolio away from licensed kids titles during its recent restructuring—smaller developers like D3Publisher saw new opportunities.

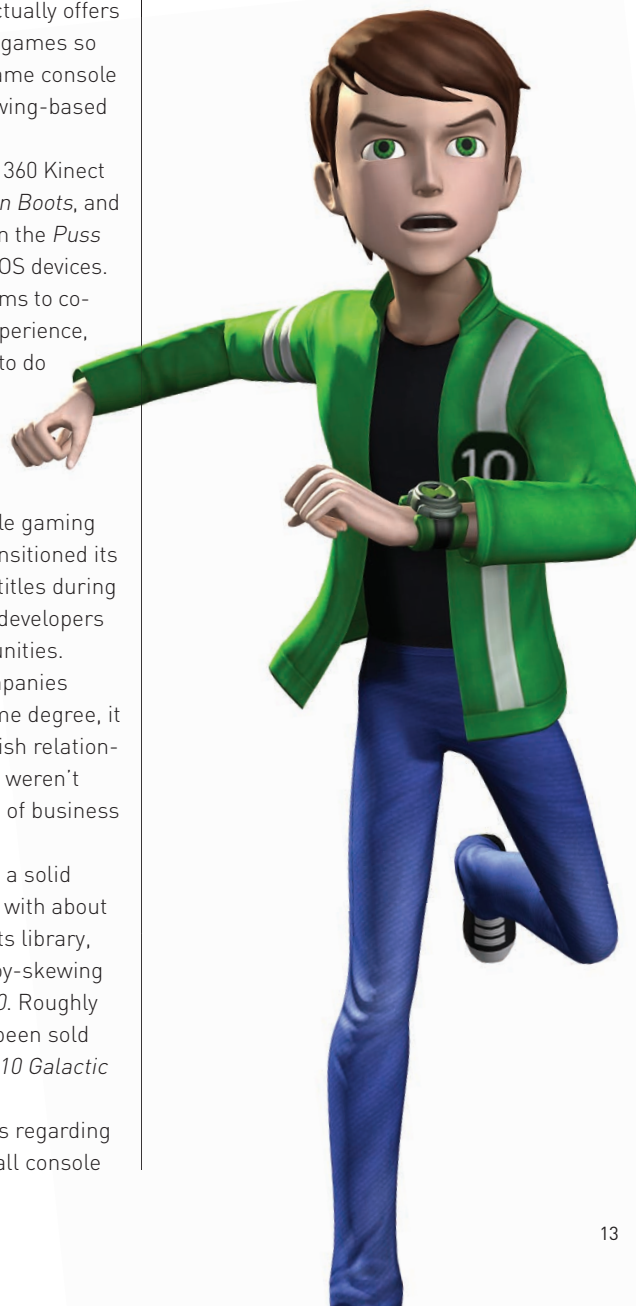
"When some of the bigger companies pulled out of the kids space to some degree, it put us in a good position to establish relationships with licensors we previously weren't able to reach," says Bill Anker, VP of business development and licensing.

The Tokyo-based company has a solid history in the kids gaming market with about four dozen kid-friendly games in its library, including a series based on the boy-skewing Cartoon Network TV series *Ben 10*. Roughly eight million Ben 10 games have been sold worldwide, and the fifth title, *Ben 10 Galactic Racing*, launched last October.

"Obviously there are challenges regarding platforms right now, and the overall console

market is pretty much dominated by top brands like Call of Duty and Skyrim, but there are opportunities to do products based on great licenses," says Anker, adding that it's the job of publishers to figure out what the right licenses are for each platform. Looking ahead, D3 recently signed a game deal with DreamWorks for its next three films, *Madagascar 3*, *Rise of the Guardians* and *The Croods*, for 2012 and 2013. The company also has a new license for a game based on Nickelodeon hit tween series *iCarly*.

"[I think] 2012 will interesting," says Anker. "But we've been able to manage our business in an efficient way that allows us to take advantage of opportunities to acquire great licenses, and we feel confident we can make these licenses work." □





## wellPlayed\_ A new chapter for Sesame Street

By Kate Calder

*Sesame Street: Once Upon a Monster*, launched by Warner Bros. Interactive Entertainment (WBIE) in October, has been making waves as the first Sesame game title for the Xbox 360 Kinect platform. Targeted at kids under seven, the game allows players to interact with Sesame Street characters within a storybook setting and makes use of Kinect tools such as experiential dual play and voice recognition.

WBIE worked with San Francisco-based game development company Double Fine Productions, which created a concept that follows Elmo and Cookie Monster as they explore the pages and stories of a book packed with Sesame characters, as well as original monsters.

"We wanted it to break down into concise chunks, each with a satisfying ending, so parents can limit the gameplay to one chapter or a couple of pages," says Double Fine's Nathan Martz of the game's 34 pages and six chapters. Martz explains that while some



Warner Bros. and Sesame Workshop break new ground in co-play gaming with *Once Upon a Monster* for Xbox 360 Kinect

of the activities enhance vocabulary skills, the game focuses on teaching social and emotional development through empathy and recognizing emotions. In one chapter, for instance, the player helps a monster put on a play by showing a chorus of flowers how to act happy and sad through voice recognition. Similarly, in the last chapter, a storytelling

monster that's in crisis needs help relaying a tale. She provides the images and the player narrates over them and then gets to hear the completed story interwoven with the pictures.

*Once Upon a Monster* also encourages two people to play at one time to work together through the activities—making it very conducive to sibling co-play. [□](#)

### bits+bytes

Due to concerns over privacy,

# 49%

of gamers won't buy downloadable content

(Electronic Entertainment Design and Research)

# 64 million

kids ages two to 17 are gaming in the US, an increase of 9% compared to 2009

(The NPD Group)



Eight- to 11-year-olds are spending more time playing on game players and consoles compared to 2010 at almost

# 10 hours

—an increase of nearly two hours

(Ofcom)



This past summer, kids titles comprised

# 44%

of new physical software dollar sales

(The NPD Group)





# Cracking the code

In a brand-new study, Nickelodeon breaks down how kids ages six to 11 are getting entertainment value—and a new sense of empowerment—from their mobile devices

By Katie Bessiere and the Nickelodeon Consumer Insights Team

It has become increasingly clear that the appeal of touch-screen mobile devices is not limited to adults. The iPad and iPod Touch topped the collective Christmas 2011 wishlist of kids of all ages across the US, and for good reason. The Nickelodeon Consumer Insights team, which tracks what kids in the six to 11 demo do across a variety of entertainment media, knew an updated and in-depth study was in order when iDevices like the iPod Touch and iPad began showing up repeatedly in trend lists and in our analytics. Our US-based study, which used multiple qualitative and quantitative methodologies to understand what was driving the interest in, and use of, these devices, not only discovered exactly how kids today are interacting with their mobile devices, but it also found that these “Me-Devices” are increasingly offering empowerment and a means of self-expression in the palm of a hand. ➔

## IT'S NOT JUST ABOUT GAMES

Me-Devices are emerging as the entertainment hub of kids ages six to 11. And mobile and tablet devices are leading all other portable platforms on entertainment features such as listening to music, taking pictures and watching videos. They are also closing in on the Nintendo DS for gaming. The ability to meet all entertainment needs on one device is a phenomenon that is changing and expanding the way kids make their entertainment choices. This is primarily true for the Apple line of touchscreen devices, with Android models lagging behind in terms of kid usage. Games, taking and editing pictures, listening to music, visiting websites, and watching/recording video are the leading uses of all touchscreen devices for this demo.

## BREAKING DOWN MOBILE PLAY PATTERNS



### iPhone

**21 minutes/day**

- 62% play games
- 45% take pictures
- 43% listen to music



### Android

**28 minutes/day**

- 43% play games
- 34% take pictures
- 29% listen to music



### iPad

**41 minutes/day**

- 55% play games
- 40% take pictures
- 40% listen to music



### iPod Touch

**42 minutes/day**

- 59% play games
- 52% take pictures
- 33% listen to music

## APPS AS NEW-GENERATION COLLECTIBLES

Because of the vast number of apps available to them, kids are treating them as collectibles. A majority are acquiring free and low-cost apps at a high rate, but using only about 25% of them to actually entertain themselves. Games seem to be particularly collectible and more prone to quick abandonment, as kids seem to only focus on three games at one time.

RIGHT NOW THERE SEEMS TO BE A ROTATION OF 10 OR SO [APPS] THIS WEEK, ALTHOUGH SHE HAS OVER 100. MOSTLY GAMES BUT PICTURE-TAKING AND EDITING APPS AND VIDEO AS WELL. SHE HAS ALSO DISCOVERED THE VOICE RECORDER. (Mom of a six-year-old girl)

## HOW KIDS ARE STACKING THEIR DEVICES



### iPad

# Apps kids have	31
# Used once/week or more	7
# Games kids have	21
# Played per day	3



### iPod Touch

# Apps kids have	23
# Used once/week or more	6
# Games kids have	21
# Played per day	3



### iPhone

# Apps kids have	22
# Used once/week or more	5
# Games kids have	13
# Played per day	3



### Android

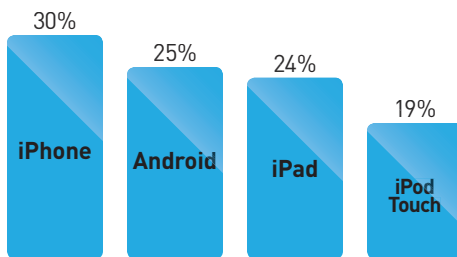
# Apps kids have	19
# Used once/week or more	3
# Games kids have	3
# Played per day	2

## SPEAKING OUT, BUT STAYING IN

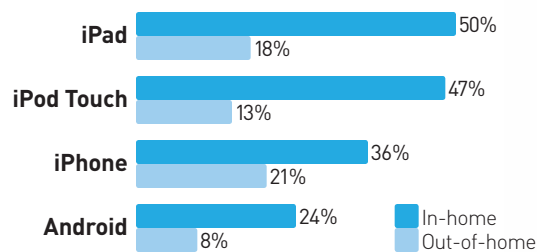
Of course, kids have become the masters of customizing their Me-Device experiences and are absolutely not limited by the functionality made available to them by the device itself. Surprisingly precocious at using these devices, they are finding ways to do the things that they want to do—often without parental help. They are texting via iTouches (textfree), calling people on an iPad (freecall) and IMing on an iPhone (BeeJive), achieving these functions even on devices that don't have 3G access or phone capabilities. That being said, parents are controlling what their kids are doing by limiting use of the devices primarily to the home, which has critical importance for TV programming, digital content, interactivity, communications and the role of mobile devices in kids' lives. The reasons for this are varied—kids are either borrowing the device, or are not allowed to bring it outside the home due to responsibility and/or economic concerns. In-home use also allows parents greater control and insight into what their kids are doing on these devices.



% who text via mobile devices frequently



Use device "a lot" in-home vs. out-of-home



## AGE IS STRONGER THAN GENDER

It's increasingly clear that age has a much stronger influence on usage and choice of content than gender. These devices start as toys, used primarily for gaming and viewing videos at a young age, but they quickly evolve beyond pure entertainment into customized resource tools for communication and information-gathering as kids get older. Gender differences are subtle and primarily focused on predictable usage habits and content preferences. As would be expected, girls are slightly more likely to use the devices' communication and socialization capabilities as they get older, while boys spend more time on gaming and humor-based content.

AGE	6-7	8-9	10-11
Best way to communicate →	Calling family		
Latest game addiction →			
Watching →		Partial clips of TV shows  How-to parodies	Partial clips of TV shows  How-to parodies
Listening to →	Music videos or parodies	Music videos or parodies	
Nefarious use of device →	Takes older sibling's or parents'	Plays games instead of bedtime reading	Texts friends after bedtime
Apps they like to talk about →	Cupcake maker  Fart app	Dress Up  Moron test	



## SKIEWING OLDER

Kids may be keeping in line with their peers when it comes to choosing content, but their preferences are remarkably mature. In a departure from other gaming activities at this age, the most popular kids games on these mobile devices are the same as those most enjoyed by adults. This holds up for preschoolers, too, although educational content and games designed for the demo top their favorites list alongside the age-agnostic favorites. Overall, iDevice and Android kids seem much more likely to be playing the latest game than DS or PSP gamers, who choose games that are more likely to be long-term favorites and specifically geared towards children. This may be due to the fact that the most frequent types of gaming differs on iDevices and Android devices, as compared to the DS or PSP. While action and adventure gaming absolutely dominate DS and PSP gaming at this age, arcade, strategy and puzzle gaming genres are the leading types of games played by kids using touchscreen devices.

## TYPES OF GAMES PLAYED FREQUENTLY ON MOBILE DEVICES



### iPad

- 1 Arcade
- 2 Strategy
- 3 Puzzle
- 4 Life & Style
- 5 Brain



### iPhone

- 1 Arcade
- 2 Life & Style
- 3 Puzzle
- 4 Word
- 5 Action



### iPod Touch

- 1 Arcade
- 2 Puzzle
- 3 Strategy
- 4 Brain
- 5 Life & Style



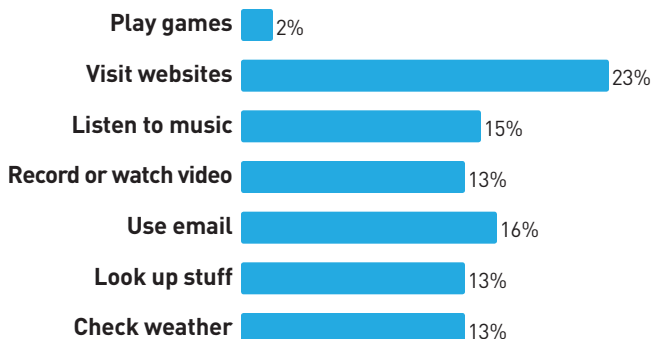
### Android

- 1 Arcade
- 2 Puzzle
- 3 Strategy
- 4 Brain
- 5 Word

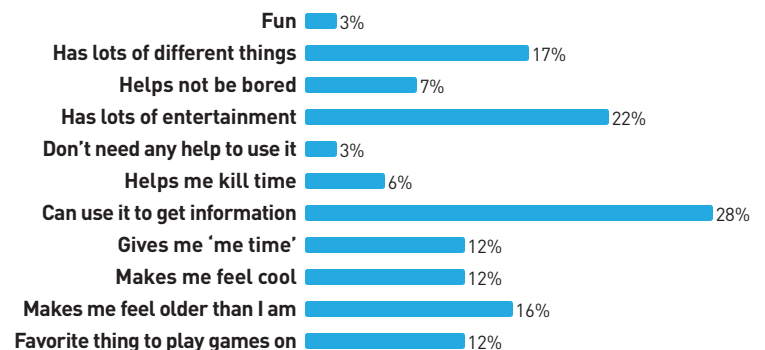
## THE IPAD REIGNS SUPREME

Everything, other than playing games, is happening more frequently on the iPad by kids ages six to 11. Compared to the average on smaller devices, up to 25% more kids are frequently visiting websites, using email, looking up information, and checking the weather on their iPads. Their reasons for liking their iPads are also more varied than those of the kids using the smaller devices. Having lots of different things on it, including entertainment, was more likely to be cited by iPad users, as was using it to access information. Kids mentioned that they are keeping the iPad next to them while doing their homework in order to look things up as they work.

### Top activities on iPad (% above mobile average)



### Top reasons I like my iPad (% above mobile average)



## LASTING IMPRESSIONS: MOBILE VIDEO IS NOT MEASURING UP

Along with games, kids are using their mobile devices to consume all different types of video content. While short clips, humorous videos and music videos are dominating, kids are also watching full television episodes, movies and other long-form content on these devices. However, kids are repeatedly expressing that the video content available to them (legally) is disappointing. Their expectation, fueled by the prevalence of outlets like Netflix, OnDemand, Tivo and YouTube, is that all video content should be available to them on all devices, and they don't understand why they can't get the same value on a mobile platform as they do on the TV or computer. That being said, kids are adamant that mobile devices are not replacements for television, particularly the smaller devices. Instead, these devices serve as a way to access content in short bursts, while the television is being used by someone else or while they're traveling. □

### THE BIGGER THE SCREEN, THE MORE THEY'LL WATCH



#### on the iPod

1 in 2 kids	TV show clips	8 in 10 kids
4 in 10 kids	Entire TV shows	7 in 10 kids
4 in 10 kids	Movies	8 in 10 kids
6 in 10 kids	UGC	8 in 10 kids



#### on the iPad



**iKids**

February/March 2012 • Volume 1, Issue 1

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Printed in Canada. Canada Post Agreement No. 40050245.  
ISSN number 1205-7746

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